

# Tax memo

Canadian tax updates



## Changes to partnership returns: What they mean for you

*Considers the implications of expanded information requirements for partnership information returns.*

*March 5, 2012*

In February 2012, the Canada Revenue Agency (CRA) expanded the information requirements for partnership returns. Although the new requirements were to apply immediately, the CRA provided temporary administrative relief in response to consultations with tax compliance preparers. While the relief is certainly welcome, the need for increased disclosure has only been deferred—not eliminated.

### ***Additional disclosure***

The CRA recently issued a revised version of T5013 SCH 50. Unlike its predecessor, the new schedule, entitled “Partner’s Ownership and Account Activity,” requires disclosure of:

- the adjusted cost base of each partner’s interest in the partnership; and
- each partner’s at-risk amount for the partnership.

The CRA also released a new form T5013 SCH 9, entitled “Affiliated Corporations, Partnerships, Partners or Trusts,” which requires disclosure of information on persons affiliated with the partnership.

### ***Transitional relief***

The additional disclosure significantly increases the compliance burden for partnership filers, particularly for those with a short transition period. In response to concerns, the CRA announced on February 29, 2012, that it will accept returns containing either the 2010 or 2011 version of schedule 50 if the return:

- is filed by the due date; and
- contains complete information on:
  - partner identification; and
  - the annual transactions between partners and the partnership.

The CRA also recognizes the increased demands imposed by the new schedule 9, and recommends that this schedule be prepared based on the best knowledge and ability of the partnership and preparer.

Despite this relief, the CRA has indicated that it prefers returns to be completed using the 2011 version of schedule.

Further, the CRA has confirmed that it will not impose penalties on T5013 returns for 2011 fiscal periods as a result of incomplete adjusted cost base or at-risk amount information on the schedule 50 and if schedule 9 is prepared to the best knowledge and ability of the partnership and preparer.

## ***What this means for you***

The transitional relief is certainly welcome. However, individuals, corporations and other entities that are partners should start early to gather the information necessary to support the new disclosures. Partners that have not maintained the required calculations may find it onerous to do so.

## ***For more help***

For more information on the implications of these changes and what they mean for you, contact any of the individuals listed at on this page or at:  
**[www.pwc.com/ca/taxcontacts](http://www.pwc.com/ca/taxcontacts).**

## ***PwC contacts***

Sal Amodeo	905 949 7407 <i>sal.amodeo@ca.pwc.com</i>
Ken Griffin	416 218 1512 <i>ken.griffin@ca.pwc.com</i>
Israel Mida	416 869 8719 <i>israel.h.mida@ca.pwc.com</i>

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